

## Message Text

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70/63

ORIGIN PM-03

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 SS-15

L-02 IGA-01 ABF-01 INR-07 CIAE-00 NSAE-00 DODE-00

TRSE-00 OMB-01 AID-05 RSC-01 /076 R

66604

DRAFTED BY PM/SAS:RWSMITH:L/PM:JHMICHEL:RG

12/30/74 EXT. 23876

APPROVED BY PMUAS:JFLADD

DOD/DSAA - MR. DENNEHY (SUBS)

TREASURY - MR. SPITTLE (SUBS)

L/T - MR. BEVANS

M/FRM - MR. MANION (INFO)

EA/RA - COL. BAILEY (INFO)

ARA/LA/PLC - COL. QUIGG (INFO)

NEA/RA - COL. HOBBS (INFO)

AFI - MR. ANDEREGG (INFO)

EUR/RPM - MR/ REHFELD (INFO)

NOTE TO ANALYSIS: THIS IS C O R R E C T E D C O P Y (RE-

TRANSMITTED TO USCINCSO (PANAMA) VICE USCINCSOUTH (NAPLES)

----- 027997

R 302200Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

AMEMBASSY SEOUL

AMEMBASSY KUALA LUMPUR

AMEMBASSY KABUL

AMEMBASSY ATHENS

AMEMBASSY TEHRAN

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY KATHMANDU

AMEMBASSY JIDDA

AMEMBASSY VIENNA

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY ACCRA

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AMEMBASSY MONROVIA

AMEMBASSY BAMAKO  
AMEMBASSY LAGOS  
AMEMBASSY DAKAR  
AMEMBASSY KINSHASA  
AMEMBASSY KHARTOUM  
AMEMBASSY BUENOS AIRES  
AMEMBASSY LA PAZ  
AMEMBASSY BRASILIA  
AMEMBASSY SANTIAGO  
AMEMBASSY BOGOTA  
AMEMBASSY SANTO DOMINGO  
AMEMBASSY SAN SALVADOR  
AMEMBASSY GUATEMALA  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY MEXICO  
AMEMBASSY MANAGUA  
AMEMBASSY PANAMA  
AMEMBASSY ASUNCION  
AMEMBASSY LIMA  
AMEMBASSY MONTEVIDEO  
AMEMBASSY CARACAS  
INFO AMEMBASSY JAKARTA  
AMEMBASSY MANILA  
AMEMBASSY BANGKOK  
AMEMBASSY COLOMBO  
AMEMBASSY NEW DELHI  
AMEMBASSY ISLAMABAD  
AMEMBASSY ANKARA  
AMEMBASSY MADRID  
AMEMBASSY ADDIS ABABA  
AMEMBASSY RABAT  
AMEMBASSY TUNIS  
USCINCEUR  
CINCPAC HONOLULU HI  
USCINCSO

C O N F I D E N T I A L STATE 283368

E.O. 11652: GDS

TAGS: MASS, AFIN, ABUD, TW, KS, MY, AF, GR, IR, JO, LE, NP,  
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SA, AU, FI, PO, GH, LI, ML, NI, SG, CG, AR, BL, BR, CI, CO,  
DR, ES, GT, HO, MX, NU, PN, PA, PE, UY, VE, ID, RP, TH, CE,  
IN, PK, TU, SP, ET, MO, TS  
SUBJECT: SECTION 514 TEN PERCENT DEPOSIT REQUIREMENT

1. ALL ACTION ADDRESSEES' HOST GOVERNMENTS HAVE IN PAST  
SIGNED FORMAL AGREEMENTS WITH USG RELATING TO TEN PERCENT  
DEPOSIT REQUIREMENT OF SECTION 514 OF FOREIGN ASSISTANCE

ACT. SINCE THAT SECTION WAS REPEALED EFFECTIVE DECEMBER 31, 1973, ABOVE POSTS WILL NEED TO CONCLUDE WITH HOST GOVERNMENTS ANOTHER FORMAL AGREEMENT TERMINATING TEN PERCENT DEPOSIT REQUIREMENT. FOLLOWING IS MODEL DIPLOMATIC NOTE WHICH POSTS SHOULD USE FOR THIS PURPOSE WHEN AUTHORIZED TO DO SO.

2. QTE. THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF THE GOVERNMENT OF ..... AND HAS THE HONOR TO REFER TO THE AGREEMENT BETWEEN THE GOVERNMENT OF ..... AND THE GOVERNMENT OF THE UNITED STATES REGARDING PAYMENTS TO THE UNITED STATES GOVERNMENT IN (LOCAL CURRENCY) OF TEN PER CENT OF THE VALUE OF GRANT MILITARY ASSISTANCE AND EXCESS DEFENSE ARTICLES PROVIDED BY THE UNITED STATES TO THE GOVERNMENT OF ..... THAT AGREEMENT WAS EFFECTED BY AN EXCHANGE OF NOTES AT (CAPITAL OF HOST COUNTRY) DATED ..... AND .....

THE CONGRESS OF THE UNITED STATES HAS REPEALED THE PROVISION OF LAW REQUIRING THE PAYMENTS WHICH ARE THE SUBJECT OF THE AFOREMENTIONED AGREEMENT. THIS REPEAL IS EFFECTIVE WITH RESPECT TO DEFENSE ARTICLES DELIVERED AND DEFENSE SERVICES RENDERED FROM AND AFTER JANUARY 1, 1974. THE UNITED STATES GOVERNMENT HAS RECEIVED ALL PAYMENTS DUE FROM THE GOVERNMENT OF ..... UNDER THE AFOREMENTIONED AGREEMENT WITH RESPECT TO ARTICLES DELIVERED AND SERVICES RENDERED THROUGH THE PERIOD ENDING DECEMBER 31, 1973. ACCORDINGLY, IN LIGHT OF THE ABOVE-MENTIONED ACTION BY THE UNITED STATES CONGRESS, IT IS THE VIEW OF THE GOVERNMENT OF THE UNITED STATES THAT THE SAID AGREEMENT HAS BEEN FULLY PERFORMED AND SHOULD NOW BE TERMINATED. IF THE GOVERNMENT OF ..... IS OF A SIMILAR VIEW,  
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THE EMBASSY HAS THE HONOR TO PROPOSE THAT THE SAID AGREEMENT BE REGARDED AS NO LONGER IN FORCE BETWEEN THE TWO GOVERNMENTS. UNQTE.

3. ABOVE MODEL SHOULD REQUIRE ONLY MINOR MODIFICATION AS MAY BE WARRANTED BY PECULIAR LOCAL CIRCUMSTANCES. EACH POST SHOULD EXAMINE EXACT TERMS OF SECTION 514 AGREEMENT WITH ITS HOST COUNTRY TO ENSURE THAT TERMINATION NOTE IS CONSISTENT WITH SCOPE OF THAT AGREEMENT. FOR EXAMPLE, IT MAY BE NECESSARY TO DELETE REFERENCES TO DEFENSE ARTICLES IN THE CASE OF SOME TRAINING-ONLY COUNTRIES.

4. DEPARTMENT WILL AUTHORIZE EACH POST SEPARATELY TO CONCLUDE TERMINATION AGREEMENT. TREASURY WILL PROVIDE US WITH YEAR-END WRAP UP ON STATUS OF SECTION 514 ACCOUNTS

WORLDWIDE. POSTS WHOSE HOST COUNTRIES HAVE MADE FINAL PAYMENT AND CLEARED THIS ACCOUNT WILL BE AUTHORIZED TO CONCLUDE ABOVE TERMINATION AGREEMENT. IN NO CASE SHOULD SUCH AGREEMENT BE NEGOTIATED WITHOUT SPECIFIC AUTHORIZATION FROM DEPARTMENT.

5. AT SAME TIME, WE WILL PROVIDE LIST OF COUNTRIES STILL DELINQUENT UNDER SECTION 514 WITH AMOUNTS OUTSTANDING, AND REQUEST POSTS CONCERNED TO TAKE APPROPRIATE ACTION. THOSE POSTS WHOSE HOST GOVERNMENTS STILL OWE US FOR PAST BILLINGS MAY WISH AT THEIR DISCRETION TO REMIND APPROPRIATE LOCAL OFFICIALS THAT USG WILL SHORTLY BE REQUESTING DELINQUENT PAYMENT AND TERMINATION OF INDIVIDUAL AGREEMENTS ON SECTION 514. SISCO

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, GOVERNMENT DEBTS, FOREIGN ASSISTANCE LAW, SECTION 514, MILITARY SALES, LOANS, DIPLOMATIC NOTES  
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**Draft Date:** 30 DEC 1974  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Film Number:** D740377-0861, D750001-0732  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t1974124/aaaaacur.tel  
**Line Count:** 183  
**Locator:** TEXT ON-LINE, ON MICROFILM  
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**Previous Classification:** CONFIDENTIAL  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SECTION 514 TEN PERCENT DEPOSIT REQUIREMENT CONFIDENTIAL  
**TAGS:** MASS, AFIN, ABUD, US, XX, TW, KS, MY, AF, GR, IR, JO, LE, NP  
**To:** TAIPEI MULTIPLE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005